

Central Intelligence Agency
~~CONFIDENTIAL~~

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Washington, D.C. 20505

Executive Registry
77-448/A

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Honorable Daniel K. Inouye, Chairman
Select Committee on Intelligence
United States Senate
Washington, D. C. 20510

Honorable Barry Goldwater, Vice Chairman
Select Committee on Intelligence
United States Senate
Washington, D. C. 20510

Dear Sirs:

In the Committee's letter of 4 February 1977, you requested information concerning the conflict of interest provisions applicable to employees of United States intelligence agencies. I understand that the Defense Department and State Department have received similar inquiries, and therefore my response is principally concerned with the Central Intelligence Agency.

Each employee of the Executive Branch, including intelligence agency employees, is subject to the rules of conduct and financial disclosure requirements established by statute, Executive Order, and applicable Government directive. Any employee who violates these rules of conduct might be subject to criminal prosecution pursuant to 18 U. S. C. Section 201 et seq., and also subject to disciplinary action, including official reprimand, probation, suspension, or separation.

In addition, Executive Order 11222 authorizes the head of each agency to issue regulations implementing the provisions of the Order and to structure these regulations as may be necessary and appropriate in view of the nature of that agency's work and the duties and responsibilities of its employees. The pertinent regulations of the Central Intelligence Agency are promulgated pursuant to this authorization and in accordance with conflict of interest requirements that operate Government-wide. An extract of Executive Order 11222 and our Agency regulations on employee conduct are enclosed for your information.

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(EXTRACT OF) P-1. 36

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X1 You will note that CIA regulation [] requires financial statements to be filed by more categories of employees than called for in Executive Order 11222, and Civil Service regulations. Employees at the GS-13 or above level must file statements if they are involved in administering subsidies or grants, regulating or auditing private or other non-Federal enterprises or other activities where the decision or action has an economic impact on the interests of any non-Federal enterprise.

2 X1 []
2 X1 []
[] The Inspector General will also receive an information copy of the report from the employee's Directorate and the General Counsel.

I trust this is responsive to your interest.

Yours sincerely,

/s/ Stansfield Turner

STANSFIELD TURNER
Admiral, U. S. Navy

Enclosures
As stated

Distribution:

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OLC:RJK:sf (23 Mar 77)

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SELECT COMMITTEE ON INTELLIGENCE

(PURSUANT TO S. RES. 408, 94TH CONGRESS)

WASHINGTON, D.C. 20510

February 4, 1977

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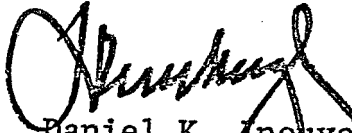
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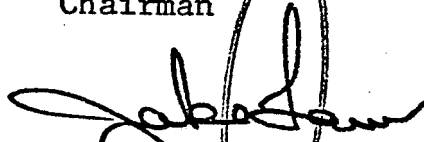
Mr. E. Henry Knoche
Acting Director of Central Intelligence
Central Intelligence Agency
Washington, D. C. 20505

Dear Mr. Knoche:

Questions have been raised recently in the press (see attached article) about the applicability of conflict of interest provisions in the executive branch to employees of United States intelligence agencies. The Select Committee on Intelligence would very much appreciate a description of the conflict of interest provisions which apply to employees of intelligence agencies under your cognizance and the differences, if any, between these provisions and those applicable to less sensitive government agencies!

Aloha,


Daniel K. Inouye
Chairman


Jake Garn
Vice Chairman

Enclosure

THE WASHINGTON POST

Saturday, January 29, 1977

D39

Jack Anderson and Les Whitten

The Hush-Hush Spy Satellite Trade

Our most hush-hush intelligence agency is the National Reconnaissance Office, which operates America's spy satellites. The strict secrecy, however, has provided the NRO's policymakers with a convenient cover for hiding conflicts of interest.

Our sources estimate that the NRO spends at least \$1.5 billion a year. Huge secret contracts are handed out to fortunate, favored companies. Because the spy-in-the-sky technology cannot be revealed, the contracting process is hidden from the public.

But we can report a few interesting facts, which have nothing to do with military security:

The NRO draws its top policymakers from the White House, Pentagon and Central Intelligence Agency. One seat on the policy board, for example, is assigned to the under secretary of the Air Force. In 1973 this sensitive seat went to James Plummer, who came to the Air Force from Lockheed Corp.

At Lockheed he had been in charge of developing spy satellites. He had an 18-year record of loyalty to the corporation. Then overnight he was in a position to help determine who would get the juicy satellite contracts.

This was an obvious conflict of interest, which was taken up quietly with Senate Armed Services Committee Chairman John Stennis (D-Miss.). He is known inside the Senate as "The Whitewasher."

In a letter to Stennis, Plummer pledged that he had agreed "to serve as under secretary for 3½ years minimum." He added solemnly: "I have no agreement, express or implied, with Lockheed and no understanding respecting re-employment." He later re-

peated both pledges under oath.

Yet last June, Plummer notified his superiors in the Pentagon that he was quitting, although he had served only 2½ years. He returned to the Lockheed payroll as vice president in charge of the corporation's Missiles and Space Co. in Sunnyvale, Calif.

While Plummer was riding the merry-go-round between the Pentagon and Lockheed, the corporation was the nation's top spy satellite contractor.

Another passenger on the merry-go-round was Albert Hall, who started out with Martin Marietta from 1953 to 1963. He moved into the Pentagon for the next two years, then back to Martin Marietta from 1965 to 1971. Finally, he returned to the Pentagon again as assistant defense secretary in charge of intelligence.

This position gives Hall a seat on NRO's policy board where he, too, has influence over the spy satellite program. Martin Marietta, it turns out, builds booster rockets for spy satellites.

Footnote: A Defense Department spokesman said all military contracts are awarded according to law, but refused to respond to specific questions about the reconnaissance contracts.

Plummer was asked to remain at his post, according to the Pentagon, in the interest of continuity. Safeguards were taken to avoid any conflicts of interest, Pentagon officials said. Plummer and Hall denied any conflicts; both insisted they were not involved in contract decisions affecting their former companies.

Plummer said he left the Pentagon early to return to Lockheed for "personal" reasons. Hall, now an Air Force

consultant, acknowledged collecting huge termination payments from Martin Marietta while on the Pentagon payroll but said this was perfectly proper.

Soviet Martyr—The Soviet prison system is developing another Soviet martyr. His name is Hillel Butman, a Jew who had heard about an attempt to hijack an Aeroflot airliner but was not involved in the plot.

He was arrested anyway, his friends tell us, because he was acquainted with the conspirators and was an active Zionist. Before the Soviet secret police finished with him, he had been sentenced to ten years in the bleak Soviet penal system.

It takes courage to speak out against his jailers, who can make his life unbearable. But, like Alexander Solzhenitsyn before him, Hillel Butman has dared to defy his oppressors.

He has written a tongue-in-cheek letter to his warden—chief of the Perm Soviet labor camp. The unpublished letter reverses roles, elevating Butman to prison chief and placing the chief in one of Perm's cells.

Butman praises the prison harassment, such as the six daily roll calls the prisoners must endure.

For his insubordination, Butman probably will be shipped to Vladimir prison, the disciplinary camp where prisoners are kept on a hunger diet, with little heat, no running water and no respite from the 24-hour, overhead electric light.

We in America, in our Lilliputian practicality and historic good fortune, have evolved a free press to undertake the role that in a tyranny falls to the lonely hero.

CASEY

By Charles Rodrigues

EXECUTIVE SECRETARIAT

Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
1	O/DCI		X		
2	A/DCI		X		
3	D/DCI/IC		X		
4	DDS&T		X		
5	DDI		X		
6	DDA		X		
7	DDO				
8	D/DCI/NI				
9	GC		X		
10	LC	X			
11	IG				
12	Compt				
13	D/Pers				
14	D/S				
15	DTR				
16	Asst/DCI		X		
17	AO/DCI				
18	C/IPS				
19	DCI/SS				
20	D/EEO				
21					
22					
SUSPENSE		21 Feb 77 Date			

Remarks:

Took 10 days for this to get here! Please develop response.

14 Feb 77

Date

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